

**COMMUNITY DEVELOPMENT ADMINISTRATION  
RESIDENTIAL REVENUE BONDS**

**Unaudited Interim Financial Statements  
For the nine month period ended  
March 31, 2003**

Community Development Administration  
Residential Revenue Bonds

Balance Sheet

March 31, 2003  
(in thousands)  
**(Unaudited)**

**Restricted assets**

**Restricted current assets:**

Cash on deposit with trustee	\$ 90,679
Investments	157,403
Single family mortgage loans	11,329
Accrued interest and other receivables	11,122

<b>Total restricted current assets</b>	270,533
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**Restricted long-term assets:**

Investments, net of current portion	45,735
Single family mortgage loans, net of current portion	691,820
Deferred bond issuance costs	7,735

<b>Total restricted long-term assets</b>	745,290
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<b>Total restricted assets</b>	\$ 1,015,823
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**Liabilities and net assets**

**Current liabilities:**

Accrued interest payable	\$ 4,312
Rebate liability	123
Bonds payable and short-term debt	155,975
Due to other funds	410

<b>Total current liabilities</b>	160,820
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**Long-term liabilities:**

Rebate liability, net of current portion	2,386
Bonds payable, net of current portion	816,929

<b>Total long-term liabilities</b>	819,315
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<b>Total liabilities</b>	980,135
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**Net assets:**

Restricted	35,688
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<b>Total net assets</b>	35,688
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<b>Total liabilities and net assets</b>	\$ 1,015,823
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*See accompanying notes.*

Community Development Administration  
Residential Revenue Bonds

Statement of Revenues, Expenses and Changes in Net Assets

For the Period Ended March 31, 2003

(in thousands)

**(Unaudited)**

**Operating revenues**

Interest on mortgage loans	\$ 34,167
Fee income	708
Other operating revenues	32
	<u>34,907</u>

**Operating expenses**

Trustee, legal and mortgage servicing costs	1,785
Other operating expense	3
	<u>1,788</u>
Operating income	<u>33,119</u>

**Nonoperating revenues (expenses)**

Interest income, net of rebate	6,220
Interest expense on bonds and short-term debt	(37,464)
Amortization of bond issuance costs	(376)
Decrease in fair value of investments, net of rebate	(107)
	<u>(31,727)</u>

**Transfers of funds, net, as permitted by the  
various bond indentures**

	<u>(468)</u>
Change in net assets before extraordinary item	924
Extraordinary loss on early retirement of debt	(349)
Change in net assets	<u>\$ 575</u>

**Changes in net assets**

Net assets at beginning of period	\$ 35,113
Change in net assets	575
Net assets at end of period	<u>\$ 35,688</u>

*See accompanying notes.*

Community Development Administration  
Residential Revenue Bonds

Statement of Cash Flows

For the Period Ended March 31, 2003

(in thousands)

**(Unaudited)**

**Operating activities**

Principal and interest received on mortgage loans	\$ 121,195
Mortgage insurance claims received	3,205
Foreclosure expenses paid	(216)
Other income received	32
Loan fees received	543
Purchase of mortgage loans	(80,264)
Trustee, legal and mortgage servicing costs	(1,785)
Other expenses paid	(3)
Reimbursements among Funds	106
Net cash from operating activities	<u>42,813</u>

**Investing activities**

Proceeds from maturities or sales of investments	185,769
Purchases of investments	(134,056)
Arbitrage rebates paid	(333)
Interest received on investments	7,479
Net cash from investing activities	<u>58,859</u>

**Noncapital financing activities**

Proceeds from sale of bonds	109,945
Payments on bond principal	(145,970)
Bond issuance costs	(189)
Interest on bonds and short-term debt	(50,308)
Transfers among Funds	(468)
Net cash from noncapital financing activities	<u>(86,990)</u>

Net increase in cash on deposit with trustee	14,682
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Cash on deposit with trustee at beginning of period	75,997
Cash on deposit with trustee at end of period	<u>\$ 90,679</u>

Community Development Administration  
Residential Revenue Bonds

Statement of Cash Flows

For the Period Ended March 31, 2003

(in thousands)

**(Unaudited)**

**Reconciliation of operating income to net cash from operating activities**

Operating income	\$ 33,119
Adjustments to reconcile operating income to net cash from operating activities:	
Decrease in mortgage loans	12,880
Increase in accrued interest and other receivables	(3,292)
Increase in due from other funds	(323)
Increase in due to other funds	429
Net cash from operating activities	<u><u>\$ 42,813</u></u>

**Noncash investing and noncapital financing activities**

Amortization of investment discounts and premiums	\$ (941)
Amortization of bond original issue discounts and premiums	(4)
Decrease in fair value of investments, net of rebate	107
Amortization of deferred bond issuance costs	376
Loss on early retirement of bonds	349

*See accompanying notes.*

**Community Development Administration**  
**Residential Revenue Bonds**  
**Notes to Unaudited Interim Financial Statements**

March 31, 2003  
(in thousands)

**1. Basis of presentation:**

In the opinion of management, the accompanying interim financial statements of the Community Development Administration (CDA) Residential Revenue Bonds present fairly the financial position at March 31, 2003 and the results of its operations for the nine months ended March 31, 2003. These interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations. The March 31, 2003 financial statements are unaudited, and certain information and footnote disclosures normally included in the annual financial statements have been omitted. Readers of these statements should refer to the financial statements and notes thereto as of June 30, 2002 and for the year then ended, which have been included elsewhere in this disclosure. The results of operations presented in the accompanying financial statements are not necessarily representative of operations for the entire year.

**2. Investments:**

In accordance with GASB 31, CDA reflects investments at fair value. As of March 31, 2003, the fair value of the investments was \$203,138 of which \$202,307 was the cost of these investments and \$831 was the cumulative increase in fair value. The increase in fair value of investments for the period ending March 31, 2003 was \$410. The increase was reduced by \$517 of estimated rebate liability due to unrealized investments gains.

**3. Mortgage loans:**

During the nine months ended March 31, 2003, CDA purchased single family loans in the amount of \$80,264.

**4. Bonds payable and extraordinary items:**

On December 18, 2002, CDA issued \$109,945 of Residential Revenue Bonds 2002 Series D and E, which are due on December 18, 2003, bearing interest at 1.20% and 1.25%, respectively.

On October 1, 2002, November 1, 2002 and January 21, 2003, CDA redeemed, prior to maturity, \$17,115, \$1,300 and \$20,405, respectively, of Residential Revenue Bonds. An extraordinary loss of \$153, \$12 and \$184 was incurred, respectively.

On December 19, 2002, CDA redeemed, at maturity, \$97,275 of Residential Revenue Bonds.

**5. Subsequent Events:**

On April 18, 2003 and June 2, 2003, CDA redeemed, prior to maturity, \$32,155 and \$400, respectively, of Residential Revenue Bonds.